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[S&P U.S. Not-For-Profit Higher Education Outlook 2025: The Credit Quality Divide Widens](#)

Sector View: Bifurcated/Mixed

- S&P Global Ratings' view of the higher education sector in the U.S. remains mixed for the third consecutive year. Our outlook is negative for highly regional, less-selective institutions that lack financial flexibility, but it is stable for institutions with broad geographic reach, steady demand, and sufficient liquidity and financial resources to navigate operating pressures.
- While enrollment declines and financial stresses likely will continue, these problems are not affecting all schools equally. Competition for students and operating expenses remain elevated, sustaining budget pressures for many, but these issues are most pronounced at the lower end of the ratings scale.
- Credit quality bifurcation has widened. Strong institutions hold their market position, excel at fundraising, and have healthy balance sheets while working to improve operating margins; struggling schools face enrollment declines, leading to strained operations and, often, liquidity issues. Industry headwinds and a new federal administration with different priorities could create additional obstacles.

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